



NATIONAL CORPORATE GOVERNANCE COMMISSION

STATUTES

OF THE NATIONAL CORPORATE GOVERNANCE COMMISSION

Status

Art. 1. (1) The National Corporate Governance Commission, (hereinafter referred to as "**the Commission**") is an association of legal entities and capable natural persons for the pursuit of activities for private benefit, established under the Non-Profit Legal Entities Act.

(2) The Commission shall be a separate person from its members and shall be liable for its obligations with its property.

(3) The Commission is a permanent independent body established on the principle of public-private partnership to consult and cooperate at national level on corporate governance issues.

(4) The work of the Commission shall be public.

(5) The Commission carries out its activities guided by the principles of professionalism, objectivity, transparency and partnership with the business community and the state.

(6) The Commission informs the public about its work through press releases, statements in the media, press conferences, appearances on electronic media programmes, etc.

Name

Art. 2. The name of the association shall be "**National Corporate Governance Commission**", which shall be further spelled in English as "**National Corporate Governance Commission**".

Headquarters

Art. 3. The seat of the **Commission** shall be. 6 Tri Ushi Str., Sofia, Triaditsa Municipality.

Deadline

Art. 4. The existence of the **Commission** shall not be limited by time.

Type of activity

Art. 5. The Commission shall be established to carry out activities for private benefit in the promotion and dissemination of good practices in the field of corporate governance.

Objectives of the Commission

Art. 6. The main objectives of the **Commission** shall be to:

1. promotes the implementation of good corporate governance practices;
2. monitors the implementation of the Bulgarian National Corporate Governance Code (hereinafter referred to as the Code);
3. Review the Code every 18 months or initiate changes when necessary;
4. develop mechanisms to monitor the implementation of the Code;



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5. monitors and takes into account the guidelines for the development of corporate governance at national and international level;
6. Prepares Recommendations to regulatory authorities For improve of corporate governance;
7. develops и presents guidelines for best practices B specific areas of corporate governance;
8. prepare and publish an annual assessment of the state of corporate governance in the country;

Object and Means of achieving the objectives

Art. 7. The Commission shall:

1. collect and disseminate to its members up-to-date information on all matters that have or will have a bearing on the activities of public companies, including adopted or forthcoming changes in the legislation applicable to their activities;
2. organize the exchange and summarize the views and proposals of its members on draft legislation that relates to corporate governance in Bulgaria or that would be relevant to the objectives of the **Commission** and the activities of its members;
3. develops on behalf of its members and proposes for consideration by the relevant public authorities and professional organisations proposals for amendments to the relevant regulatory framework, as well as programmes, analyses, expert assessments and studies related to corporate governance in Bulgaria;
4. facilitate the participation of its members or representatives of the **Commission** in expert committees or councils of relevant government bodies and organisations;
5. contacts and participates in related international professional organisations;
6. organizes meetings, seminars, conferences, symposia and other forums on topical issues concerning corporate governance in Bulgaria;
7. publishes and distributes printed materials on corporate governance in Bulgaria, and establishes and maintains a website;
8. carry out other activities permitted by law which are related to the realisation of the objectives referred to in Article 6.

Membership

Art. 8. (1) A member of the **Commission** may be any legal person or natural person who accepts the objectives of the **Commission** and is willing to work for their achievement, and who is a representative of:

1. non-governmental organisations representing the interests of persons active in the capital market;
2. nationally representative employers' organisations;
3. regulated capital market;
4. state institutions performing capital market functions;
5. public companies that have the reputation, expertise and willingness to engage in the Commission's work;
6. academic community with proven interest and expertise in the field of corporate governance.

(2) Membership of the **Commission** is voluntary.



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(3) In the membership relations with the **Commission**, each member-legal entity shall be represented by its legal representative or a person expressly authorised for this purpose.

(4) The number of Commissioners is not fixed. From the point of view of efficiency, it is recommended that the Commission should be composed of no more than 15 members.

(5) The first members of the Commission are its founders.

Admission of new members

Art. 9. (1) New members of the Commission shall be proposed by a current member of the Commission and shall then be discussed by all members and voted on in accordance with these rules. The basic principle in accepting a new member shall be to maintain a balance between the number of representatives of private and public institutions

(2) New members of the **Commission** shall be admitted by a decision of the General Assembly by a 2/3 majority of the members present.

(3) The applicant shall submit a written application for membership to the **Commission's** Board of Directors, to which he or she shall attach:

1. a copy of a document certifying his legal capacity;
2. solution at relevant competent authority at the company, where the applicant is a legal person;
3. a declaration of acceptance of and compliance with the Statutes and other internal acts of **the Commission**.

(3) An application for membership received shall be submitted by the Board for consideration at the first General Meeting after the date of submission, but not later than three (3) months from that date, in which case the Board shall convene an Extraordinary General Meeting to consider the application for membership.

(4) Pending the decision of the General Assembly, a candidate for membership may participate in the work of the Commission without the right to vote, if the Board of Directors has so decided by a 2/3 majority of its members.

(5) The Governing Board shall notify the candidate member of the decision of the General Assembly within one week from the date of the decision.

Termination of Membership

Art. 10. Membership of the **Commission** shall cease:

1. by a unilateral written expression of intent by a member to the Board of Directors, who shall submit it for consideration at the first General Meeting after the date of submission, but not later than three (3) months from that date, in which case the Board of Directors shall convene an Extraordinary General Meeting to consider the expression of intent to terminate membership;
2. with exclusion;
3. in the event of a member-legal entity being declared bankrupt or liquidated;

Art. 11.(1) A member of the **Commission** shall be expelled by a decision of the General Assembly in the case when:

1. grossly and persistently violates his/her duties as a member of **the Commission** in accordance with these Statutes and the decisions of the General Assembly of Members;
 2. commit acts which bring the **Commission** into disrepute and disrepute;
 3. develop activities incompatible with the objectives, tasks and Statutes **of the Commission**;
 4. acts unfairly towards other **Commissioners**.
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(2) A proposal to the General Assembly to expel a member of the **Commission** may be made by any member or by the Board. If made by a member of the **Commission**, the proposal for expulsion shall be addressed to the General Assembly through the Board. In the case of a proposal made by a **Commissioner** or a decision taken by the Board of Directors to expel, the Board of Directors shall, within one month, invite the **Commissioner** concerned to give written explanations, which it shall annex to the proposal for expulsion, and shall convene the General Meeting of Members with an item on the agenda - consideration of the question of expulsion of the **Commissioner**.

Art. (1) Membership of the **Commission** shall be frozen when the member:

1. fails to pay, within the time limit set by the General Assembly, the property contributions for which he has given his consent;
2. systematically fails to participate in the **Commission's** activities.

(2) The existence of grounds for freezing membership shall be established by a decision of the Board of Directors, **which** shall notify the member concerned in writing within one week of the date of its decision.

(3) Reinstatement of a frozen membership shall be by a decision of the Governing Board stating that the ground for freezing the membership is no longer applicable. The Governing Board shall notify the member concerned in writing within one week of the date of its decision.

Art. 13. A member shall be obliged to fulfil all its obligations to the **Commission** arising from its membership until the date of termination of membership.

Art. 14. In all cases of termination of membership, **the Commission** shall not refund the membership fee paid by the member for the year of termination.

Rights and Obligations of Members

Art. 15. Each member of the **Commission** shall have the right:

1. participate in the **Commission's** governance and be elected to its bodies;
2. to supervise the activities of the Management Board;
3. be informed of the progress of the **Commission's** work;
4. to raise issues relating to its activities for consideration and to assist in their resolution;
5. be acquainted with the content of the decisions taken by the **Commission** bodies and to examine and receive copies of the minutes in which they are reflected;
6. to benefit from the property of the **Commission** and from the results of its activities in a manner determined by the Governing Board;
7. to submit proposals to amend and supplement the Statutes or to change the organisation of work of **the Commission**.

Art. 16. Each member of the **Commission** shall:

1. comply with the Statutes and other internal acts of **the Commission**, and implement the decisions of its bodies;
2. to make contributions of property in connection with the activities of **the Commission** for which he has given his consent;



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3. to contribute to the effective functioning of the **Commission** and the achievement of its objectives;
4. not to use his/her membership of the **Commission** for purposes contrary to the Constitution and/or the interests of its other members;
5. protect and promote the good name of the **Commission**;

Art. 17. Members Rights and obligations, with exception to property, shall be non-transferable and shall not pass to other persons on the dissolution of the member-legal person.

Art. 18. Each member shall be liable for the debts of the **Commission** up to the amount of the financial contributions made by him.

Responsibility

Art. 19. The members of **the Commission** shall be liable for any damage caused by them damage.

Commission bodies

- (1) The supreme organ of the **Commission** shall be the General Assembly.
- (2) The governing body of **the Commission** shall be the Governing Board.
- (3) The Governing Board shall elect from among its members a Chairperson to whom it shall delegate its representative powers.

General Assembly

- (1) The General Assembly shall consist of all the members of **the Commission**.
- (2) A member company shall be represented at the General Meeting and participate in its proceedings by its legal representative or proxy by express power of attorney.
- (3) The authorization must be in writing, and over-authorization is not allowed.

Powers

Article 22:

1. amend and supplement the Statutes **of the Commission**;
 2. adopt the internal acts of the **Commission**;
 3. admit and exclude members of **the Commission**;
 4. elects and dismisses the members of the Management Board;
 5. exonerate the members of the Management Board;
 6. decide on the conversion or dissolution **of the Commission**;
 7. adopts the guidelines and programme of work **of the Commission**;
 8. adopts **the Commission's** budget;
 9. adopt the annual report on the activities of the Board of Directors, the annual accounts and the balance sheet of **the Commission**;
 10. annul decisions of other bodies of the **Commission** which are contrary to the law, the Statute or other internal acts regulating **the Commission's** activities, or are inappropriate;
 11. take such other decisions as may be provided by law or in these Statutes.
 - (2) The decisions of the General Assembly shall be binding on the other bodies of **the Commission**.
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Art. 23. (1) Decisions of the bodies of **the Commission** which are taken in contradiction with the law, the Statute or a previous decision of the General Assembly may be challenged before the General Assembly at the request of interested members of the **Commission**, addressed through the Board of Directors, within one month of their becoming known, but not later than one year from the date of the decision.

(2) In the cases referred to in the preceding paragraph, the Management Board shall be obliged to convene the General Meeting of Members within one month with an item on the agenda - consideration of the matter concerning a contested decision of a body of the **Commission**.

Convocation

Art. 24 (1) The general meeting shall be convened by the Board of Directors on its own initiative or at the request of one third of all the members of the **Commission** and shall be held in the locality where the seat of the **Commission** is situated. If, in the case of a general meeting convened on the initiative of the members, the Board of Management does not within one month give written notice of the meeting, the general meeting shall be convened by the court of the seat of the **Commission** at the written request of the members concerned or a person entrusted by them.

(2) The General Assembly shall be convened at regular meetings by the Board at least once a year.

(3) The written invitation to convene the General Meeting sent to the members shall contain the agenda, the date, time and place of the General Meeting and on whose initiative it is convened.

(4) The invitation shall be sent by e-mail to the members of the Commission at least one month before the scheduled day.

Quorum

Art. 25. The General Meeting shall be lawful if more than half of all members of **the Commission** are present. In the absence of a quorum, the meeting shall adjourn one hour later at the same place and with the same agenda and may be held regardless of the number of members present.

Decision making

(1) Each member of the General Assembly shall be entitled to one vote.

(2) A member of the **Commission** proposed for exclusion shall not participate in the vote on the proposal.

(1) For each meeting the General Assembly shall elect a chairman from among its members to preside over the meeting and a secretary.

(2) A list of members present shall be prepared for the meetings of the General Assembly. Representatives of members shall certify their attendance by signature. The list shall be certified by the Chairman and the Secretary of the meeting.

Art. 28. (1) The decisions of the General Assembly shall be taken by open ballot, unless the Assembly decides that the voting shall be by secret ballot.



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(2) Decisions of the General Assembly shall be taken by a majority of 3/4 of the members present, and 3/4 of the members present shall have voted for the decision.

(3) The General Meeting may not take decisions on matters not included in the agenda announced in the invitation.

Art. 29. (1) Minutes shall be kept for each meeting of the General Assembly, which shall state:

1. the place and time of the meeting;
2. the names of the Chairman and the Secretary;
3. the presence of members of the Management Board and of persons who are not members of the **Commission**;
4. the agenda, the matters under consideration and the decisions thereon;
5. the substantive proposals made;
6. the votes held and the results thereof;
7. the objections raised.

(2) The minutes of the General Meeting shall be signed by the Chairman and the Secretary of the Meeting. A list of members present at the meeting and the documents convening the General Meeting shall be attached to the minutes.

Management Board

Art. 30. (1) The Governing Board shall be composed of all regular and non-frozen members of the **Commission**.

Art. 31. The Management Board shall:

1. shall represent the **Commission** and shall determine the extent of the representational power of individual members;
2. ensure the implementation of the decisions of the General Assembly;
3. propose to the General Assembly the admission and exclusion of members of **the Commission**;
4. noted the withdrawal of a Member of **the Commission**;
5. Proposes to the General Assembly the adoption of amendments to the Statutes **of the Commission**;
6. dispose of the property of **the Commission** subject to the requirements of the Statutes;
7. prepare and submit to the General Assembly a draft budget;
8. prepare and submit to the General Assembly a report on the activities of **the Commission**;
9. determine the order and organise the conduct of the **Commission's** business, including that for the general benefit, and be responsible for it;
10. designate the address of **the Commission's** head office;
11. decides on the opening and closing of branches;
12. decide on the **Commission's** participation in other organisations;
13. establish advisory bodies to assist the Board in the exercise of its powers under the law and these Statutes;
14. take decisions on all matters which by law or under the Statutes do not fall within the powers of the General Assembly.

Meetings

Art. 32. (1) The meetings of the Governing Board shall be convened and chaired by its Chairman. The Chairman shall convene a meeting of the Management Board on written



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a request from one third of its members. If the Chairman fails to convene a meeting of the Board within one week, it may be convened by any interested member of the Board. In the absence of the Chairman, the meeting shall be chaired by a member appointed by the Board.

(2) The Chairperson shall convene the Management Board by written invitation specifying the place, time and agenda of the meeting.

(3) In cases of urgency and if none of its members objects, the Board shall also be deemed to have been regularly convened by telephone, fax or other means of communication.

(4) Meetings of the Governing Board shall be valid if more than half of its members are present.

(5) A person with whom there is a two-way telephone or other connection ensuring his identity and allowing his participation in the discussion and decision-making shall also be present. That member's vote shall be certified in the minutes by the chairman of the meeting.

Decision making

Art. 33. (1) The decisions of the Governing Board shall be taken by open ballot, unless its members decide to vote by secret ballot.

(2) Decisions of the Board of Directors shall be taken by a majority of 3/4 of the members present and 3/4 of the members present shall have voted in favour of the decision.

(3) The Governing Board may take a decision without holding a meeting if the minutes of the decision are signed without remarks or objections by all members of the Governing Board.

(4) Minutes shall be kept for each meeting of the Governing Board with the content referred to in Art. 1, which shall be signed by the chairman of the meeting.

(5) An extract from the minutes of the decisions taken by the Governing Board shall be sent to all members of **the Commission**.

(6) Board meetings shall be held at least quarterly, and monthly meetings are recommended.

Chairman

Art. (1) The President shall be elected for a term of 3 (three) years. The name of the Chairperson shall be declared for entry in the Court Register of Non-Profit Legal Entities.

(2) The chairperson shall authorise in writing another member of the board to replace him or her as chairperson in cases where he or she is unable to perform these functions for objective reasons.

Art. 35. The Chairman of the Board of Directors shall:

1. organise the day-to-day activities of **the Commission** and exercise its operational leadership;
2. organize the implementation of the decisions of the General Assembly and the Board of Directors;
3. represent the **Commission** before third parties at home and abroad;
4. exercise the budget and manage the staff of **the Commission**;
5. organise the participation of **the Commission** in international and national events related to its activities;
6. organise the work of the meetings of the General Assembly;



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7. perform such other functions as may be assigned to it by the Governing Board.

Financing and accounting of the Commission

Art. (1) The activities of the **Commission** shall be financed by the property contributions of its members, by donations, sponsorship, income from additional business activities related to the object of its activities according to Article 7, as well as by other means permitted by law and by these Statutes.

(2) The Commission shall not distribute profits among its members.

Art. 37. The General Assembly may decide to make additional contributions of property from the members to the **Commission** to be used for the financing of specifically defined activities or events.

Art. 38. On all late payments to the **Commission** members shall be liable to interest at the legal rate on the amount for the period of delay.

Art. 39. The Commission shall keep accounts in accordance with the requirements of Bulgarian legislation.

(1) The work of the Commission shall be supported by a Secretariat.

(2) The Secretariat shall keep the minutes of the meetings of the Commission, arrange for the convening of the Commission at the request of its Chairperson, support the administrative work of the Commission, its public appearances and events.

Termination

Art. 41. The Commission shall be dissolved:

1. by decision of the General Assembly;
2. by decision of the court in the cases provided for by law.

Liquidation

Art. 42. (1) On the dissolution of **the Commission**, liquidation shall be effected.

(2) The liquidation shall be carried out by the Board of Directors or a person appointed by it.

(3) As regards insolvency, respectively bankruptcy, the procedure for liquidation and the powers of the liquidator, the provisions of the Commercial Act shall apply accordingly.

Assets after liquidation

Art. 43. The assets of the **Commission** remaining after the satisfaction of the creditors shall be distributed equally among its members.

Final provision

§ 1. This Charter was adopted at the founding meeting of the National Corporate Governance Committee on 12.05.2014.



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INSTRUCTORS:

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/Prof. Dr. Bistra Nikolova Boeva/

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/Dr. Manyu Todorov Moravenov/

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/Prof. Dr. Stefan Hristov Petranov/

.....
/ Association of Industrial Capital in Bulgaria,
represented by Vasil Georgiev Velev /

.....
/ Association of Special Purpose Investment Companies,
represented by Manju Todorov Moravenov /

.....
/ Association of Relationship Directors
Investors in Bulgaria, represented by Daniela
Ilcheva Peeva /

.....
/ Bulgarian Investor Relations Association, represented
by Bogomila Ivanova Hristova /

.....
/ Golden Lion Capital AD, represented by Stefan
Petranov and
Milo Zikatanov /

.....
/ Monbat AD, represented by Petar Hristov Petrov /

.....
/ Sopharma AD, represented by Ognian Ivanov
Donev /

.....
/ Bulgarian Stock Exchange-Sofia JSC,
represented by Assen Vassilev Yagodin and Ivan
Angelov Takev/

.....
/ Stara Planina Hold AD, represented by Vasil
Georgiev Velev /